Preserved

App. F. IX-4

1929-30 (L. Dr.)

File No. 18-29

Serial Nos. 1-4

Previous References
Sancy. 21-28 (16, 27, 28 + 31)

Later References
M. 91-99 (1-4)
M. 6-32 (1-4)
M. 7-36 (1-2)

preserve

General and Revenue Secretariat.

P.20(E

Serial Nos. 4

Part B for April 1930.

SUBJECT

Investment of the sum of a lakh of rupees in the Land Mortgage Bank.

Sl. 4.

No. J. 11376-8 dt. 21.3.30.

From The Registrar of Co-operative Societies as Report President L. D. Bank.
Requests to grant three Fd. Sanction

Directs that a sum of Rs. one lakh be placed at the disposal of the L. D. Bank on certain conditions.

G. R. S. APP F. III—1] 1929-30

GENERAL AND REVENUE SECRETARIAT.

NOTES

File No. 18-29

FILE HEADING.

Investment of the sum of a lakh of rupees in the Rand Mortgage Bank

FROM

The Registrar of Co-operative Societies.

No. 4155 CS Dated 31st Jan/1st Feb 30 Received 3/2/30

Diary No. 46/59	Enclos. 1	Spare copies —	Serial No.

BRIEF ABSTRACT OF LETTER.

Requests that the sum of Rs one lakh promised by the Govt may be deposited with the Land Mortgage Bank on the strict understanding that when debentures are floated by it, they should be converted into debentures

L VVC
C6689

App. F. III—2]

General and Revenue Secretariat

File No. L8 of 1929

Serial No.

Capital in the condition specified by the Registrar of Co-operative societies

VBR
4/2/1930

if the Regr's proposals may be cancelled.

SW Secy to

Clr 5/2/30

3) Please put up rules & bye-laws I wish to know whether as stated by the President funds for long-term loans can only be got from debentures

VBR
6/2/30
Clr
6/2

4) Subd with a Copy of the bye-laws & rules and refer to invite to bye-law No 35 in which it is stated that the capital raised by debentures shall be earmarked for the grant of loans on the mortgage of agricultural land.

VBR
6/2/1930 Secy to

Clr 7.2.30

5) The Bank requires money immediately for granting loans, but does not wish to issue debentures now in view of the unfavourable condition of the money market.

6) The President requests that the sum of one lakh of rupees promised to the in-

General and Revenue Secretariat.

File No. Rev 18 of 1929

Serial No.

rests by Govt be placed at the disposal of the Bank, to be drawn on as required, from the issue of debentures. The total amount drawn is proposed to be treated as part of the first issue of debentures.

7) The intention of Govt was that the investment of its money was to be in the shape of debentures; but in the circumstances now reported, the request of the Bank may be granted, subject to the amt being ultimately converted to debentures.

6) This would really be no breach of the spirit of the bye laws which says that money raised on debentures shall be earmarked for long term loans after the investment, though temporarily the credit is in effect a debenture. (I may say that as the bye-laws are drafted — the bye-laws 30 — there is no breach even of the letter.)

The request may be granted

3rd Member
Through Fe 1st

9) There is nothing in the 11 2 30 rules to absolutely prevent the grant of long term loans out of deposits — though such prohibition would seem to be necessary; and in the present case though the credit balance of rupees would be nominally a deposit, it is, in fact a long term credit intended to be converted into debentures

WD 066—GPB—80,000—26-7-29

3rd Member
through Fe 1st

10) The G.O. quoted which both imports and repayments of principal of debentures are to be guaranteed, is for

11 2 30

General and Revenue
Secretariat

Serial No.

11) A copy of the order no. 6941-4/Loan Manual-1 dt. 4.12.1929 is put up.
18/12
14/12/30
Thy Secy)

Ce
12.2.30

R.G.I
13.2.30

12) I should like to know what security there is for the deposit of Rs one lakh.

L
18/12/30
A

13) Submitted for orders.
18/12 KB
14/12/30

14) The Regr. may be consulted
Secy)

15) Yes - immediately

Ce
15.2.30

15/2

15/2/30
Ce
15/2

16) Draft submitted.
18/2 KB
17/2/1930

17) Issue

Ce
17.2.30

o/c Registrar of Cooperative Societies

No. 9902 dt. 18.2.30

Requests to intimate how the amount will be secured.

4689/5783

General and Revenue Secretariat

App. F. III—2

File No. 18 of 1929

Serial No.

3

From the Registrar Co-op Banks
no. 4622 S of 21/xi. 2.30

States that the Bank wants for the present short and long term loans not exceeding 50% of the estimated cost of the mortgaged property and that it will be requested to lodge all mortgage deeds with the Govt till the sum of Rakhs of rupees is invested in debentures to be issued by the Bank.

(8) Subs for orders. Refer. para 12 above

(sd) KS
24/2/30 Secy to

Cn
25.2.30

19) Please see portion marked A— in Registrar's letter

H to Sec for write compltn

Cn
27.2.30
Cn
28/2

Asst
26.2.30

20) I agree to the proposal - I would however suggest that - if the Ally Urban Bank has no objection, the deposit of Rs on Lakh the made & portion may be held by it- for and on behalf the D.N. Bank in a separate account and that - it may hold in support of the withdrawals, it may hold the mortgage deeds on behalf of Govt.

3d Member

28/2/30

Cn 1/3 / 3 30

1634—GPB—30,000—20-4-29

General and Revenue Secretariat.

File No. 18 of 1929

Serial No.

21) What rate is this deposit to bear?

3/3/30

Under Rule 6 III (3) (7), the maximum rate of interest chargeable on long term loans is 8% (This is fixed on loans through approved societies) if it is

22) The maximum interest that can be paid by the Bank on deposits is 6½% (Rule 27)

23) The money is required for giving long term loans, for which the maximum interest fixed is 8% (Rule 44(a)) The Bank the deposit may be given at 5% (which is the rate for unsecured debentures intended for such loans) The deposit offends against the letter of Rule 27 which lays down that no deposit shall be received for a shorter period than 2 years - but as this deposit is not intended to be withdrawn, but to be converted into debentures, the deviation may be condoned

3rd Member
(through PF Secy)

4 3 30

4/3

6/3/30

24) Govt. have promised to purchase debentures up to Rs 5 lakhs subject to certain conditions. Thus the deposit now proposed is practically an advance payment towards the purchase of debentures

PF 2153
Rs 5/3/30

FINANCIAL SECRETARY
6 MAR. 19
111.37

General and Revenue Secretariat. / File No. 18 of 1929.

Serial No.

and when they are floated

26/ As interest payable on the debentures has been for 5% for the present, it is only fair that the same rate of interest shd be charged on the deposit of Rs one lakh.

27/ This arrangement may be in force for a period of 2 years subject to reconsideration if necessary thereafter.

11.3.30.

28/ Please put up draft SR

15-3-30

15/3

29/ Submitted draft

17/3/30 Says

18/3

30/ for abbl

30 Members

19 3 30

31/ 19/3/31

31/

19 3 30

20/3

Please issue.

For personal issue Para 27 is only in charge

WD 066—GPB—30,000—26-7-28

21/3/31

1·24/3

General and Revenue Secretariat

File No. 18 of 1929.

Serial No.	
4	To The Registrar of Cooperative Societies The President U. M. Bank The Comptroller through the Jail Supdt. No 9 11376-8 dt. 21.3.30 Directs that a sum of Rs one ~~lakh~~ lakh be placed at the disposal of the U. M. Bank on certain condition

No. 4155 C&I

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIE IN MYSORE.

Dated, Bangalore, 31st January *19*30.

T/2 D. 4659

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

To

N.Rama Rao, Esq., B.A., B.L.,
Secretary to Government of Mysore,
Development Departments, Bangalore.

Sir,

I have the honour to forward, herewith, letter No.359 dated 29-1-1930 (in original) received from the President of the Mysore Co-operative Land Mortgage Bank, Ltd., Bangalore City and to state as follows:-

2 In order to infuse confidence into the minds of the ryots, it is very necessary that the lending operations of the Bank should commence very early. The question was considered by the Board of Directors of the Bank at the meeting held on 18-1-1930 at which I was also present and it was resolved that, as under the byelaws of the Bank (No.35), short term loans should be granted only out of share capital and deposits, and as short term loans should, under the proviso to byelaw 43, be granted only to members who have taken long term loans, the question of accepting deposits may be deferred till after the debentures are floated. In view of the circumstances mentioned in para two of the President's letter, the Board of Directors had reluctantly to defer the question of floatation of debentures, for the present.

3 But in order that the Bank may commence lending operations, is very necessary that it should be provided with working capital, Government have in their Order No.G.11438-44/Sany.30-6-27 dated 10-4-1928 expressed their willingness to invest in the Bank an aggregate sum of 5 lakhs of rupees, and have been pleased to order that this investment will, for the first 2 years be at the rate of one lakh of rupees. In letter No.8377/Sany.21-28-31 dated 18th January 1930 received from the Secretary to Government, Development

Development Departments, Government have been pleased to state that the sum of 5 lakhs referred to above will be invested in the purchase of debentures issued by the Bank. The Bank having deferred the issue of debentures for the present, it is very necessary that Government should be pleased to immediately grant a deposit of Rs.1 lakh, on the strict understanding, that, when debentures are floated by it, the entire sum of this one lakh of rupees be converted into debentures and handed over to Government. The Government may also be pleased to empower the Bank to sanction long term loans out of this lakh of rupees placed at its disposal temporarily as a deposit, pending its conversion into debentures. I may add that necessary provision of one lakh of rupees has been made by Government in the Budget grants of the current year.

4 In view of the urgency of the matter and its importance, I request that Government may be pleased to sanction the concession above referred to at a very early date so as to facilitate the Bank's commencing lending operations early and help a large number of agriculturists before the close of the current official year.

I have the honour to be,
Sir,
Your most obedient servant,

K.H. Ramaya 29

Registrar.

WHILE REPLYING PLEASE REFER TO
No. 359

Encl: 1.

BANGALORE CITY.

DATED 29th January 1930

From

Rajasabhabhushana K. R. SRINIVASIENGAR, Esq., M.A.,

President, The Mysore Co-operative Land Mortgage Bank, Ltd.,

BANGALORE CITY.

To

The Secretary to Government of H.H.The Maharaja of Mysore

Development Departments,

B A N G A L O R E.

(Through the Registrar of Co-operative Societies in Mysore.)

Sir,

In forwarding herewith an extract of para 9, sub-paras (2) and (3) of the proceedings of the meeting of the Board of Directors of this Bank held on 18th January 1930, in the matter of raising the necessary capital required for the issue of long term loans to the members of the Bank, I have the honour to state that so far 216 applications for 339 shares have been received and sanctioned and the shares allotted to the applicants in accordance with the Bye-laws.

2. The Deputy Registrar of Co-operative Societies has brought to notice that many of the applicants are in urgent need of loans and are very anxious to have the loans granted to them before May next. Though the Bank is authorised to issue long term loans as well as short term loans, as the latter class of loans can be granted only to recipients of long term loans, the question of the issue of long term loans has to be first taken up. Under the Bye-laws, the capital required for these loans has to be obtained by the floating of debentures. In reply to confidential enquiries made by me as well as the Deputy Registrar of Co-operative Societies, regarding the terms on which the debentures may be floated by the Bank, we have been informed that owing to the present unsettled condition of the money market, it would

not

not be possible to float any public debentures now except at a high rate of interest; and we have been strongly advised to defer the question of the floating of our debentures for some time. The matter was considered at the meeting of the Board held on the 18th instant, and it was resolved by the Board that in the circumstances stated above, the question of floating debentures may be deferred for some time and that meanwhile, as many of the members were said to have taken up shares in the Bank in the expectation of obtaining loans before May next, the Government be requested to place at once at the disposal of the Bank, the sum of one lakh, which they had agreed to invest in the first year of the Bank's operations.

3. I may state here that as against the 339 shares that have been subscribed for and taken up by the members up to date, the Bank can incur liabilities in the form of debentures, fixed deposits, &c., up to a maximum of Rs.2,03,400/- and the amount of one lakh now asked for from Government is less than half the above limit. I may also add that it is not proposed by the Bank to take in any large fixed deposits for the present as these are to be used only for the grant of short term loans, and the need for their grant will not therefore arise till some time after the long term loans are issued.

4. In the circumstances, I request that you will be so good as to obtain the very early sanction of Government for a sum of one lakh of rupees being placed at the disposal of the Bank for the grant of loans during the current year. The amount will be drawn from time to time as the loans are sanctioned by the Bank, and the total actual amount thus drawn will be treated as forming part of the first issue of the debentures that may be floated by the Bank.

I have the honour to be,
Sir,
Your most obedient servant,

PRESIDENT.

Extract of para 9, sub-paras (2) & (3) of the proceedings of the meeting of the Board of Directors of the Mysore Co-operative Land Mortgage Bank, Ltd., held on 18th January 1930.

-------ooOoo-------

MEASURES NECESSARY TO RAISE FUNDS FOR THE GRANT OF LOANS:

(2) Issue of Debentures: "Resolved that this be deferred for the present."

(3) Requesting Government to invest one lakh of rupees in the Bank as per para 5 of G.O. No:G.11438-44/Sany. 30-26-7 dated 10th April 1928:

"Resolved that, pending the issue of debentures by the Bank, Government be requested to place at the disposal of the Bank the sum of one lakh of rupees promised to be invested by them for the current year, the Bank being permitted to draw the same in instalments from time to time as there is need therefor to meet applications for loans."

" Copy "

PRESIDENT.

Appendix F G—1

SUBJECT.....

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Immediate

Section Loan

File No. 18-2

Serial No. 2

No. G. 9902.

Diary No. of letter replied to..... 4659

General and Revenue Secretariat

)

the *192*

To The Registrar Co-operative Societies

Date of issue..... 18.2.30

Signed by..... Mr. C.E.N.

Sir.

With reference to your letter No 4155 GS & 21st Jan / 1st Feb 1930 recommending ~~extension~~ the deposit by Govt of 1 ~~lakh~~ lakh in rupees in the Loan Bank I am directed to request you will be good as to instruct immediately ~~how~~ the ~~State at once what~~ ~~amount is to be secured~~ amount will be secured ~~deposit imposed~~

Copied by.....

Examined by.....

over Thanks

17/2/30

Secy to Govt

Gm. 5183. 18

No. 4622)

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore, 21st February *1930.*

Gm 1:8-22-29-3

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

To

N.Rama Rao,Esq.,B.A.,B.L.,
Secretary to Government of Mysore,
Development Departments,Bangalore.

Sir,

With reference to your letter No.G.9902/L.M.18-29-2 dated 18th February 1930 enquiring how the amount of the deposit of one lakh of rupees in the Mysore Co-operative Land Mortgage Bank,Ltd., will be secured, I have the honour to state as follows:-

I have already brought to the notice of the Government in my letter No.4155/C.S.dated 31st January/1st February 1930, that the Bank will,for the present, grant only long term loans on the mortgage of landed property and will not grant any short term loans as according to the Byelaws approved by the Government, short term loans for current agricultural operations etc.,may be granted only to such of the members as have taken long term loans for debt redemption. It is also laid down in the Byelaws of the Bank that long term loans granted by it shall not exceed 50 per cent of the value of the property mortgaged as estimated by the Bank. There will thus be ample security for the loans granted by the Bank and, if Government deem it necessary, the Bank will be requested to lodge all the mortgage deeds with the Government till this sum of a lakh of rupees is invested in the debentures to be issued by the Bank. In view of the urgency of the demand, I request that Government may be pleased to sanction the placing of a deposit of -- Rs.1,00,000/- in the Bank on condition of its being converted into debentures when they are floated. I may also add for the information of Government that arrangements are in progress for getting a draft form of debenture bond to be issued by the Bank and the same will be submitted to Government for their approval in due

I have the honour to be,
Sir,
Your most obedient servant,

Proceedings of the Government of
His Highness the Maharaja of Mysore

C.R. 18-29-5

Read -

G.O.No.G.11438-44/San 30-26-7 dated 10th April 1928 promising to invest a sum of Rs.five lakhs in the Land Mortgage Bank, the investment for the first two years being at the rate of Rs.1 lakh.

2. Letter No. 4155 C.S. dated 31st January/1st February 1930 from the -- Registrar, Co-operative Societies, stating that in order to infuse confidence into the minds of the ryots, the lending operations of the Mysore Co-operative Land Mortgage Bank should commence at once and in order to enable the bank to do this work, it is necessary that it should be provided with working capital and recommending that the sum of Rs.One lakh promised as aid to not share be granted at once on certain conditions.

3. Correspondence ending with -- letter No. 4622 C.S. dated 21st/22nd February 1930 from the same officer -- furnishing further information in the matter.

Order No. G.//376-8

Dated, Bangalore 24 March 1930.

Govt. decided that their investment in the Land Mortgage Bank should take the form of debentures and a sum

of 1 lakh has been provided in the Budget for 1929-30 for this purpose.

At the instance of the Land Mortgage Bank, the Registrar of Co-operative Societies has recommended that pending the floatation of debentures, this sum may be made available to the Land Mortgage Bank as a deposit for the purpose of granting long term loans, since it is essential that the Bank should commence operations almost immediately to infuse public confidence. The Bank undertakes to adjust this deposit by converting it into debentures at the first issue of debentures and handing them over to Government.

Govt. are pleased to agree to this proposal, as a special case, in view of the importance of the Bank starting operations without delay to meet the demand for accommodation. The sum of Rs.1 lakh provided in the Budget will be placed at the disposal of the Mysore Land Mortgage Bank, subject to the following conditions:-

1. This amount should be treated as a deposit and used strictly for the grant of long term mortgage loans.

2. When the first lot of debentures are issued by the Bank, the whole of this sum of 1 lakh should be converted into debentures and handed over to Govt.

3. Till the above sum is converted into debentures, the Bank should lodge with Govt. all mortgage deeds obtained by it

for loans granted out of this sum.

4. The Bank should pay Govt. interest at the rate of 5 % on the sums actually drawn from time to time out of the sum of 1 lakh placed at its disposal.

Development Secretary to Govt

18/3

To

The Registrar, Co-operative Societie in Mysore.
The President, Land Mortgage Bank.
The Comptroller to Govt. Through Finl Sectt.

The Reer of C.S. is requested to obtain from the L.M. Bank a doct in proper form agreeing to the above conditions, and intimate the fact to the Comptr to enable him to render the money available to the Bank for operation. The Bank may be permitted to draw the money either at once, or in such instalments as it may find convenient

18/3/30

19/3/30

S. O.

Government of his highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. G. 11376-8-G/ M. 18-29-4, dated 21st March 1930.

Land Mortgage Bank.

Places the sum of Rs. one lakh at the disposal of the —— on certain conditions.

READ—

Government Order No. G. 11438-44—Sany. 30-26-7, dated 10th April 1928, promising to invest a sum of Rs. five lakhs in the Land Mortgage Bank, the investment for the first two years being at the rate of Rs. one lakh.

2. Letter No. 4155—C. S. dated 31st January—1st February 1930, from the Registrar, Co-operative Societies, stating that in order to infuse confidence into the minds of the raiyats, the lending operations of the Mysore Co-operative Land Mortgage Bank should commence at once and in order to enable the bank to do this work, it is necessary that it should be provided with working capital and recommending that the sum of Rs. one lakh promised in the Government Order read above be granted at once on certain conditions.

3. Correspondence ending with letter No. 4622— C. S. dated 21st—22nd February 1930, from the same officer furnishing further information in the matter.

ORDER No. G. 11376-8-G/ M. 18-29-4, DATED 21ST MARCH 1930.

Government decided that their investment in the Land Mortgage Bank should take the form of debentures and a sum of Rs. one lakh has been provided in the Budget for 1929-30, for this purpose.

At the instance of the Land Mortgage Bank, the Registrar of Co-operative Societies has recommended that pending the floatation of debentures, this sum may be made available to the Land Mortgage Bank as a deposit for the purpose of granting long term loans, since it is essential that the Bank should commence operations almost immediately to infuse public confidence. The Bank undertakes to adjust this deposit by converting it into debentures at the first issue of debentures and handing them over to Government.

Government are pleased to agree to this proposal, as a special case, in view of the importance of the Bank starting operations without delay to meet the demand for accommodation. The sum of Rs. one lakh provided in the Budget will be placed at the disposal of the Mysore Land Mortgage Bank, subject to the following conditions:—

1. This amount should be treated as a deposit and used strictly for the grant of long term mortgage loans.

2. When the first lot of debentures are issued by the Bank, the whole of this sum of one lakh should be converted into debentures and handed over to Government.

3. Till the above sum is converted into debentures, the Bank should lodge with Government all mortgage deeds obtained by it for loans granted out of this sum.

4. The Bank should pay Government interest at the rate of 5 per cent on the sums actually drawn from period to period out of the sum of Rs. one lakh placed at its disposal.

The Registrar of Co-operative Societies is requested to obtain from the Land Mortgage Bank a document in proper form agreeing to the above conditions, and intimate the fact to the Comptroller to enable him to render the money available to the Bank for operation. The Bank may be permitted to draw the money either at once, or in such instalments as it may find convenient.

N. RAMA RAO,
Secretary to Government,
Development Departments.

To—The Registrar, Co-operative Societies in Mysore.
The President, Land Mortgage Bank.
The Comptroller to Government, through the Financial Secretariat.

Exd.—P. S. R. N.